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**Introduced by Senator Lowenthal**

January 31, 2011

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Senate Concurrent Resolution No. 6—Relative to affordable in-home Internet service.

LEGISLATIVE COUNSEL'S DIGEST

SCR 6, as introduced, Lowenthal. Affordable housing: in-home Internet service accessibility.

This measure would encourage all state and local affordable housing lenders who administer competitive multifamily housing programs to provide competitive points for developments that will provide high-speed in-home Internet service free of charge for at least 10 years and recognize that in-home Internet service and network maintenance costs be eligible as operating costs and expenses in specified housing developments and programs.

Fiscal committee: yes.

1 WHEREAS, The Internet is rapidly changing the way people  
2 live, learn, and earn in modern society. Access to information and  
3 the networks available on the Internet strengthens communities,  
4 opens new markets for business, offers new workforce development  
5 opportunities, and inspires individuals towards entrepreneurship.  
6 Without access and training, many citizens will be unable to  
7 compete in the increasingly technology-driven, knowledge-based  
8 economy. This is precisely the case in California, where the  
9 disparities in levels of technology adoption between different  
10 socioeconomic groups are enormous. In response to this inequality,  
11 strategies have been developed to foster digital inclusion and ensure

1 that all people have access to technology regardless of  
2 socioeconomic status; and

3 WHEREAS, The federal government has acknowledged through  
4 its provision of funds in the American Recovery and Reinvestment  
5 Act of 2009 (Public Law 111-5) that due to the immense  
6 transformative ability of technology, lack of access has critical  
7 social implications; and

8 WHEREAS, Among California homeowners, 73 percent have  
9 a home broadband subscription, while only 48 percent of  
10 Californians who are renters have a broadband subscription in their  
11 home; and

12 WHEREAS, Only 40 percent of California households earning  
13 less than forty-thousand dollars (\$40,000) a year have home  
14 broadband service, while 89 percent of California households  
15 earning over eighty-thousand dollars (\$80,000) have a home  
16 broadband connection; and

17 WHEREAS, In California, 75 percent of Caucasian households  
18 have a home broadband subscription, compared with 62 percent  
19 of African American households and 39 percent of Latino  
20 households. At the time of the 2009 American Community Survey,  
21 37 percent of Californians are Latino and 6.6 percent are African  
22 American; and

23 WHEREAS, While 83 percent of college graduates in California  
24 subscribe to broadband service in the home, only 37 percent of  
25 those without any college education do; and

26 WHEREAS, The University of California study “Crossing the  
27 Divide: Immigrant Youth and Digital Disparity in California”  
28 concludes that home computer use and Internet access positively  
29 impacts school enrollment, high school graduation, and grades;  
30 and

31 WHEREAS, According to the study, “Does Home Internet Use  
32 Influence the Academic Performance of Low-Income Children?”  
33 published in the peer-reviewed journal, Developmental Psychology,  
34 results of the academic performance of children of low-income  
35 families with a median annual income of fifteen thousand dollars  
36 (\$15,000), mostly from single-parent households, indicate that  
37 children who used the Internet more frequently had higher GPAs  
38 after one year and higher scores on standardized tests of reading  
39 achievement after six months compared to children who used it  
40 less frequently; and

1 WHEREAS, Nationally, according to a 2010 report produced  
2 by John Horrigan, formerly of the Federal Communications  
3 Commission, of the 35 percent of Americans who do not have  
4 broadband service in the home, 36 percent stated cost as the  
5 primary reason, making this barrier the most common reason; and

6 WHEREAS, In a 2010 study on low-income communities and  
7 digital resources, participants explicitly indicated the necessity for  
8 broadband access in securing employment, gaining or furthering  
9 their education, engaging with online government services, and  
10 that inclusion in the growing digital environment was closely tied  
11 to socioeconomic inclusion; and

12 WHEREAS, Through its Low Income Housing Tax Credit  
13 program, California has recognized the importance of Internet  
14 service for low-income populations since 2003. The California  
15 Tax Credit Allocation Committee (TCAC), which administers the  
16 credit in California, amended its policy to encourage affordable  
17 housing developers to use low-income housing tax credit funding  
18 to provide broadband as a service amenity in affordable housing  
19 units. The current policy allows for the cost of data network  
20 infrastructure design and installation to be paid for with tax credit  
21 funding, and as a result of this amendment, over 19,000 units of  
22 affordable housing throughout the state currently enjoy in-home  
23 Internet service as a basic service amenity; and

24 WHEREAS, Currently the TCAC policy encourages, but does  
25 not require, the inclusion of free broadband service in all publicly  
26 supported housing. Furthermore, it does not provide an incentive  
27 or funding stream for the operation and maintenance of these  
28 networks, placing the financial burden on the housing developers.  
29 The nonprofit One Economy Corporation has assisted 283  
30 affordable housing developments in California design and install  
31 data network infrastructure. The operation and maintenance of the  
32 network is paid for by the developer in 100 percent of these  
33 developments; and

34 WHEREAS, Most affordable housing developments that receive  
35 tax credit funding also borrow money from public agencies,  
36 including, but not limited to, the Department of Housing and  
37 Community Development, local housing departments, and local  
38 redevelopment agencies; and

1 WHEREAS, Most public lenders allow for affordable housing  
2 owners to deduct certain project operating costs before they  
3 determine the debt payment obligations; and

4 WHEREAS, Currently most lenders do not explicitly allow for  
5 Internet service costs and network maintenance costs to be included  
6 as eligible operating costs; and

7 WHEREAS, Allowing costs of Internet service and network  
8 maintenance would not delay the repayment of public loans and  
9 as a result slow the reinvestment of public funds to other  
10 developments; now, therefore, be it

11 *Resolved by the Senate of the State of California, the Assembly*  
12 *thereof concurring*, That the Legislature encourages all state and  
13 local affordable housing lenders who administer competitive  
14 multifamily housing programs to follow the California Tax Credit  
15 Allocation Committee policy on high-speed Internet access by  
16 providing competitive points for developments that will provide  
17 high-speed Internet service to each unit for a minimum of 10 years,  
18 free of charge to the tenants; and be it further

19 *Resolved*, That the Legislature encourages all state and local  
20 affordable housing lenders to recognize both the costs for installing  
21 high-speed Internet network infrastructure as an eligible  
22 development cost and the costs of ongoing Internet service and  
23 network maintenance costs as eligible operating costs; and be it  
24 further

25 *Resolved*, That the Secretary of the Senate transmit copies of  
26 this resolution to the author for appropriate distribution.